

11 November 1952

MEMORANDUM FOR THE RECORD

SUBJECT: Proposed CIA Legislation, 1953.

Messrs. Wolf, Saunders, Houston and Pforzheimer met with Mr. Macy and Mr. Perry of the Bureau of the Budget to discuss the proposed draft of CIA legislation. The decisions reached are set forth herewith.

Section 1. The Bureau of the Budget stated that it was co-ordinating an omnibus bill to cover the leave problems of all Government employees overseas, and that if possible it would be preferable to include CIA's interests in the omnibus bill rather than by piecemeal legislation. In view of the possible delays in the passage of an omnibus bill, this item will be discussed by Mr. Houston and Mr. Pforzheimer with Mr. Spencer of the Bureau of the Budget, in an attempt to reach a satisfactory solution for CIA's immediate problems.

Section 2. The Bureau of the Budget felt that it would go along with our requested exemption from the provisions of the Performance Rating Act of 1950 in view of the fact that our position was supported by the Civil Service Commission. They were also persuaded by the fact that certain other agencies are exempted from this Act. Those exempted include the Foreign Service, the AEC, the TVA, the field service of the Post Office Department, and certain employees of the Veterans Administration.

Section 3. Approved without comment.

Section 4. Approved without comment.

Section 5. It was indicated that the Bureau of the Budget would probably frown on a \$20,000 a year salary for the DCI, although that is the salary both of the Director of the FBI and the Deputy Secretary of Defense. They questioned whether the DCI salary should be \$18,000 or \$17,500. This question will be discussed by Mr. Macy with Mr. Staats and by DD/A with DCI.

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Section 6. Mr. Macy will discuss the entire principle of this section with [redacted]

Section 7(g). Mr. Macy pointed out that the normal governmental salary pattern which the Bureau of the Budget sought to maintain in an agency with an \$18,000 top was \$16,000 for a deputy, and \$15,000 or GS-18 (\$14,800) for the next echelon. This would reduce our request for \$17,000 for the salary of the D/DCI to \$16,000 and would reduce the grades of the three other deputies from \$16,000 to \$15,000. In addition, the Bureau of the Budget questioned whether we desired to seek Senatorial confirmation for the position of the Deputy Director of Central Intelligence in view of the fact that there was always a possibility that the desired appointment might be controversial. It was felt that if there was no over-riding reason for seeking Senatorial confirmation for this position it would be better to eliminate such a requirement. This question will be discussed by Mr. Macy with Mr. Staats and by DD/A with DCI.

Section 7(h). In connection with the statutory position of the General Counsel and the authority to procure outside legal services, it appeared that the opposition to these provisions, voiced by the General Counsel of the Bureau of the Budget, was based on a misunderstanding of the problems which necessitated this request. However, it was suggested we discuss this matter with Mr. Jones of the Bureau of the Budget, and also with appropriate officials of the Department of Justice. It was also recommended that the salary figure of \$15,000 be eliminated as it would need to be amended in any revision upward of the classification schedules and was only \$200 in excess of the present ceiling of \$14,800.

Section 8. Approved without comment.

Section 9. It was pointed out that the figure of 30 retired officers was not firm and the whole subject is to be discussed by Mr. Houston and Mr. Pforzheimer with Mr. Jones of the Bureau of the Budget. One problem to be considered is the question as to whether retired officers who are employed by covert subsidiaries of CIA are chargeable against our ceiling. The Comptroller General

has not been able to give a satisfactory ruling on this question, but if such personnel are in fact holding a Government office through payment by Government funds, and are therefore chargeable against our statutory quota, it will probably necessitate a higher ceiling than the 30 currently contemplated.

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1 - Comptroller

NOTE for OGC.

It will be necessary to change over the Code citations in the bill to Statutes at Large citations.

Check on proposed CIA exemption from an NSC paper presently being considered on the subject of uniform security clearances throughout the Government.

The question of funds for a proposed CIA building was also discussed, and is in abeyance pending talks between Mr. Wolf and Commissioner Reynolds.